



**BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM**

WASHINGTON, D. C. 20561

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 16, 1997

William W. Templeton, Esquire
Fleet Financial Group, Inc.
Mail Stop: RI MO F18C
50 Kennedy Plaza
Providence, Rhode Island 02903

Dear Mr. Templeton:

This letter is in response to the request submitted by Fleet Financial Group, Inc., Providence, Rhode Island ("Fleet"), for relief from its commitment to divest its ownership interest in Savings Bank Life Insurance Corporation ("SBLIC"). By Order dated July 7, 1994, the Board approved the application by Fleet to acquire Sterling Bancshares Corporation, Waltham, Massachusetts ("Sterling"), subject to a number of commitments, including a commitment to divest itself of the SBLIC shares to be acquired in that transaction within 2 years.^{1/}

You have indicated that Fleet currently owns 2.5 percent of SBLIC's class A voting shares and 9.85 percent of SBLIC's class B shares, which have no voting rights. Sterling has been merged into Fleet, and Sterling Bank has been merged into Fleet National Bank, Springfield, Massachusetts. Fleet may sell savings bank life insurance through Fleet Insurance Agency Corporation ("FIAC"), a subsidiary of Fleet National Bank, because FIAC and a branch of Fleet National Bank are located in Hadley, Massachusetts, a town with a population of less than 5,000.^{2/}

You also have indicated that Fleet has entered into no agreements or arrangements that restrict the management or affect the policies or operations of SBLIC, and that Fleet does not assume any role in the promotion or operation of SBLIC. You also have stated that Fleet has no business relationships with SBLIC other than acting through a subsidiary as a sales agent for SBLIC. In this regard, Fleet sold less than 1.5 percent of the total amount

^{1/} Fleet Financial Group, Inc., 80 Federal Reserve Bulletin 818 (1994) ("Fleet Order").

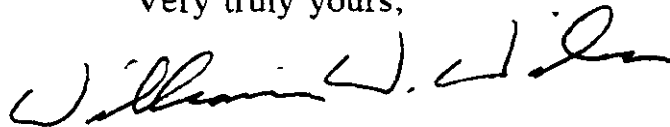
^{2/} 12 U.S.C. § 92.

of policies issued by SBLIC last year. Moreover, there are no director or officer interlocks between Fleet and SBLIC, and Fleet has no representation on the board or staff of SBLIC.

Based on the foregoing and all the facts of record, it appears that Fleet's investment in SBLIC is permissible under section 4(c)(6) of the Bank Holding Company Act. Based on all the facts of record, and after consulting with the Board's General Counsel, the Director of the Division of Banking Supervision and Regulation, acting pursuant to authority delegated by the Board (12 C.F.R. 265.7(a)(2)), has determined to grant Fleet's request for relief from its commitment to divest its ownership interest in SBLIC.

This action is taken in reliance on all the facts of record, including all the representations and commitments made in connection with this proposal. Except as modified by this action, all commitments made in connection with the Fleet application to acquire Sterling remain in full force and effect. In this regard, these commitments are conditions imposed in writing by the Board and may be enforced in proceedings under applicable law.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'William W. Wiles', with a stylized flourish at the end.

William W. Wiles
Secretary of the Board

cc: Robert Brady, Vice President
Federal Reserve Bank of Boston

J. Terrence Murray
Chairman, President, and Chief Executive Officer